



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-119]

Initiation of Antidumping Duty Changed Circumstances Review: Certain Vertical Shaft Engines Between 225cc and 999cc, and Parts Thereof from the People's Republic of China

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: Based on a request from Honda Power Products (China) Co., Ltd. (Honda), the Department of Commerce (Commerce) is initiating a changed circumstances review (CCR) of the antidumping duty (AD) order on certain vertical shaft engines between 225cc and 999cc, and parts thereof (vertical shaft engines) from the People's Republic of China (China).

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Leo Ayala, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3945.

SUPPLEMENTARY INFORMATION:

Background

On March 4, 2021, Commerce published in the *Federal Register* an amended *final* AD determination and order on vertical shaft engines from China.<sup>1</sup> In the *Amended Final Determination*, Commerce determined an AD cash deposit rate for Jialing-Honda Motors Co., Ltd. (Jialing) of 261.93 percent.<sup>2</sup>

On September 20, 2021, Honda informed Commerce that, as of July 1, 2020, Jialing

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<sup>1</sup> See *Certain Vertical Shaft Engines Between 225cc and 999cc, and Parts Thereof from the People's Republic of China: Amended Final Antidumping Duty Determination and Antidumping Duty Order*, 86 FR 12623 (March 4, 2021) (*Amended Final Determination and Order*); see also *Certain Large Vertical Shaft Engines Between 225cc and 999cc, and Parts Thereof, from the People's Republic of China: Notice of Correction to the Amended Final Antidumping Duty Determination and Antidumping Duty Order*, 86 FR 13694 (March 10, 2021).

<sup>2</sup> *Id.*, 86 FR at 12624.

changed its name to Honda Power Products (China) Co., Ltd.<sup>3</sup> Honda stated the change was in name only and that its business operations remain substantially unchanged.<sup>4</sup> Honda requested that Commerce conduct a CCR and find that Honda is the successor-in-interest to Jialing and assign Jialing's AD cash deposit rate for vertical shaft engines from China to Honda, pursuant to section 751(b) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.216(b).<sup>5</sup> Honda made arguments as to why good cause exists for initiating a CCR pursuant to 19 CFR 351.216(c)<sup>6</sup> and also requested that Commerce combine the notice of initiation with a preliminary results of the CCR pursuant to 19 CFR 351.221(c)(3)(ii).

On November 21, 2021, Commerce deemed Honda's request deficient and issued a supplemental questionnaire to Honda requesting additional information.<sup>7</sup> On December 31, 2021, Honda submitted its response to the supplemental questionnaire.<sup>8</sup> We received no comments from interested parties regarding Honda's CCR Request.

#### Scope of the *Order*

The merchandise covered by the *Order* is vertical shaft engines. For a complete description of the scope, *see* the appendix.

#### Initiation of Changed Circumstances Review

Pursuant to section 751(b)(1)(A) of the Act and 19 CFR 351.216(d), Commerce will conduct a CCR upon receipt of a request from an interested party for a review of an AD order which shows changed circumstances sufficient to warrant a review of the order. In the past, Commerce has used CCRs to address the applicability of cash deposit rates after there have been

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<sup>3</sup> *See* Honda's Letter, "Certain Vertical Shaft Engines Between 225cc and 999cc, and Parts Thereof from the People's Republic of China: Request for Changed Circumstances Review," dated September 20, 2021 (Honda's CCR Request).

<sup>4</sup> *Id.* at 2.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 6.

<sup>7</sup> *See* Commerce's Letter, "Certain Vertical Shaft Engines Between 225cc and 999cc, and Parts Thereof from the People's Republic of China: Changed Circumstances Review; Supplemental Questionnaire," dated November 1, 2021.

<sup>8</sup> *See* Honda's Letter, "Certain Vertical Shaft Engines Between 225cc and 999cc, and Parts Thereof from the People's Republic of China: Changed Circumstances Review; Supplemental Questionnaire," dated December 31, 2021.

changes in the name or structure of a respondent, such as a merger or spinoff (*i.e.*, a successor-in-interest determination).<sup>9</sup> The information submitted by Honda supporting its claim that it is the successor-in-interest to Jialing demonstrates changed circumstances sufficient to warrant the initiation of such a review.<sup>10</sup>

Section 751(b)(4)(B) of the Act and 19 CFR 351.216(c) state that, “in the absence of good cause shown,” the Secretary of Commerce may not review a final determination less than 24 months after the date of publication of the notice of final determination or notice of suspension of an investigation. The final determination in the less-than-fair-value investigation of vertical shaft engines from China published on January 11, 2021.<sup>11</sup> Therefore, Commerce must also determine whether good cause exists to conduct this review.

Honda asserts that good cause exists because, aside from the name change, it made no changes with respect to “production, management, customer and supplier relationships or any other aspect of operations.”<sup>12</sup> Honda argues that a CCR is needed to ensure the appropriate cash deposit rate applies to Honda’s entries and that Commerce has previously found in similar situations that a name change, with no further changes in the company’s operations, constitutes good cause pursuant to 19 CFR 351.216(c) to initiate a CCR.<sup>13</sup> Based on this explanation, we find that good cause has been shown pursuant to 19 CFR 351.216(c) to initiate a CCR, and conducting this review ensures that the appropriate cash deposit rate applies to Honda.

Therefore, in accordance with section 751(b)(1)(A) of the Act and 19 CFR 351.216(d), we are initiating a CCR based on the information contained in Honda’s submission.

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<sup>9</sup> See, e.g., *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review*, 82 FR 51605, 51606 (November 7, 2017), unchanged in *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Final Results of Antidumping Duty Changed Circumstances Review*, 82 FR 60177 (December 19, 2017).

<sup>10</sup> See 19 CFR 351.216(d).

<sup>11</sup> See *Certain Vertical Shaft Engines Between 225cc and 999cc, and Parts Thereof from the People’s Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances Determination*, 86 FR 1936 (January 11, 2021).

<sup>12</sup> See Honda’s CCR Request at 4.

<sup>13</sup> *Id.* at 5-6 (citing *Notice of Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review: Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China*, 81 FR 44588 (July 8, 2016); and *Cast Iron Soil Pipe Fittings from the People’s Republic of China: Initiation and Preliminary Results of Changed Circumstances Reviews*, 84 FR 64263 (November 21, 2019)).

### Preliminary Results

Section 351.221(c)(3)(ii) of Commerce's regulations permits Commerce to combine the notice of initiation and preliminary results of a CCR if Commerce concludes that expedited action is warranted. However, we are not combining this notice of initiation with the preliminary results because Commerce has determined that it is necessary to issue an additional supplemental questionnaire to Honda regarding Honda's customer base and supplier relationships and to provide interested parties with an opportunity to comment. Commerce intends to publish in the *Federal Register* a notice of the preliminary results of this CCR in accordance with 19 CFR 351.221(b)(4). Consistent with 19 CFR 351.221(c)(3)(i), Commerce will set forth its preliminary factual and legal conclusions in that notice.

### Final Results

Unless extended, Commerce intends to issue the final results of this CCR within 270 days of the day of initiation of this CCR, in accordance with 19 CFR 351.216(e).

### Notification to Interested Parties

This notice is published in accordance with section 751(b)(1) of the Act, and 19 CFR 351.216(b) and 19 CFR 351.221(b)(1).

Dated: February 14, 2022.

Lisa W. Wang,  
Assistant Secretary  
for Enforcement and Compliance.

## **Appendix**

### **Scope of the Order**

The merchandise covered by this order consists of spark-ignited, non-road, vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, primarily for riding lawn mowers and zero-turn radius lawn mowers. Engines meeting this physical description may also be for other non-hand-held outdoor power equipment such as, including but not limited to, tow-behind brush mowers, grinders, and vertical shaft generators. The subject engines are spark ignition, single or multiple cylinder, air cooled, internal combustion engines with vertical power take off shafts with a minimum displacement of 225 cubic centimeters (cc) and a maximum displacement of 999cc. Typically, engines with displacements of this size generate gross power of between 6.7 kilowatts (kw) to 42 kw.

Engines covered by this scope normally must comply with and be certified under Environmental Protection Agency (EPA) air pollution controls title 40, chapter I, subchapter U, part 1054 of the Code of Federal Regulations standards for small non-road spark-ignition engines and equipment. Engines that otherwise meet the physical description of the scope but are not certified under 40 CFR part 1054 and are not certified under other parts of subchapter U of the EPA air pollution controls are not excluded from the scope of this proceeding. Engines that may be certified under both 40 CFR part 1054 as well as other parts of subchapter U remain subject to the scope of this proceeding.

For purposes of this order, an unfinished engine covers at a minimum a sub-assembly comprised of, but not limited to, the following components: crankcase, crankshaft, camshaft, piston(s), and connecting rod(s). Importation of these components together, whether assembled or unassembled, and whether or not accompanied by additional components such as an oil pan, manifold, cylinder head(s), valve train, or valve cover(s), constitutes an unfinished engine for purposes of this order. The inclusion of other products such as spark plugs fitted into the

cylinder head or electrical devices (*e.g.*, ignition modules, ignition coils) for synchronizing with the motor to supply tension current does not remove the product from the scope. The inclusion of any other components not identified as comprising the unfinished engine subassembly in a third country does not remove the engine from the scope.

The engines subject to this order are typically classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 8407.90.1020, 8407.90.1060, and 8407.90.1080. The engine subassemblies that are subject to this order enter under HTSUS subheading 8409.91.9990. Engines subject to this order may also enter under HTSUS subheading 8407.90.9060 and 8407.90.9080. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the merchandise subject to this order is dispositive.

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